

5.9.2017

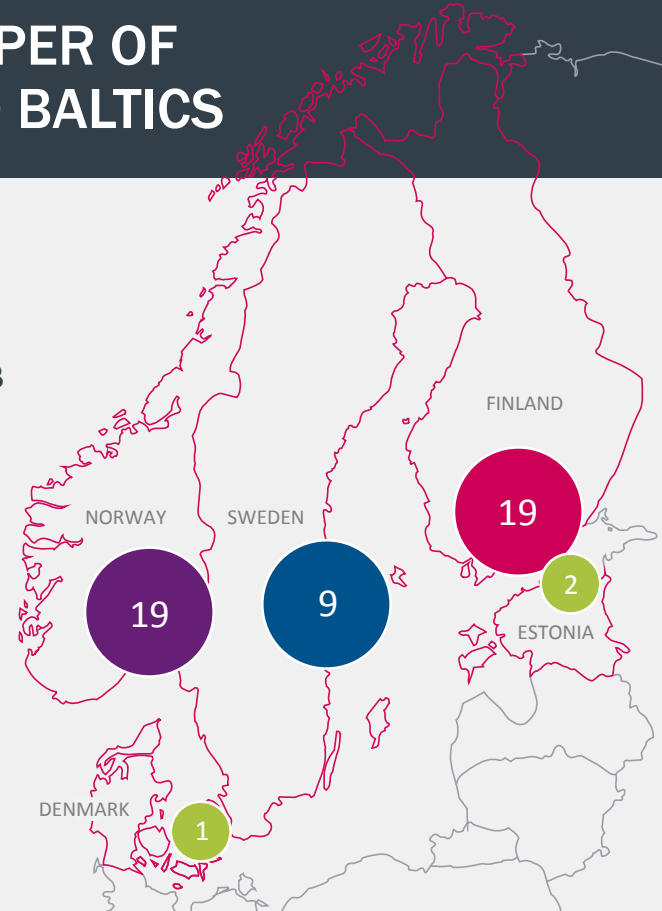
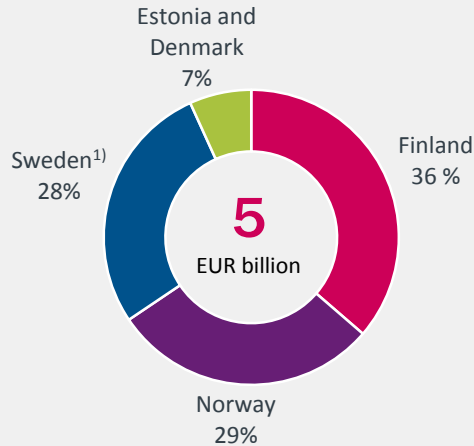
CITYCON PRESENTATION H1/2017

 CITYCON

LEADING OWNER, MANAGER AND DEVELOPER OF SHOPPING CENTRES IN THE NORDICS AND BALTICS

- 50 shopping centres¹⁾
- 13 managed/rented assets
- GLA 1.2 million sq.m.
- 200 million visitors p.a.
- Market cap EUR 2 billion
- Credit ratings: Baa1 & BBB

PORTFOLIO VALUE





ENRICHING URBAN CROSSPOINTS



RIGHT ASSETS

Necessity-based shopping centres in growing urban areas

RESPONSIBLE SHOPPING CENTRE MANAGEMENT

Sustainable space for retailers and communities



WHAT WE DO

OUR APPROACH



STRONG CAPITAL BASE

Efficient capital allocation enabling continuous development of the property portfolio

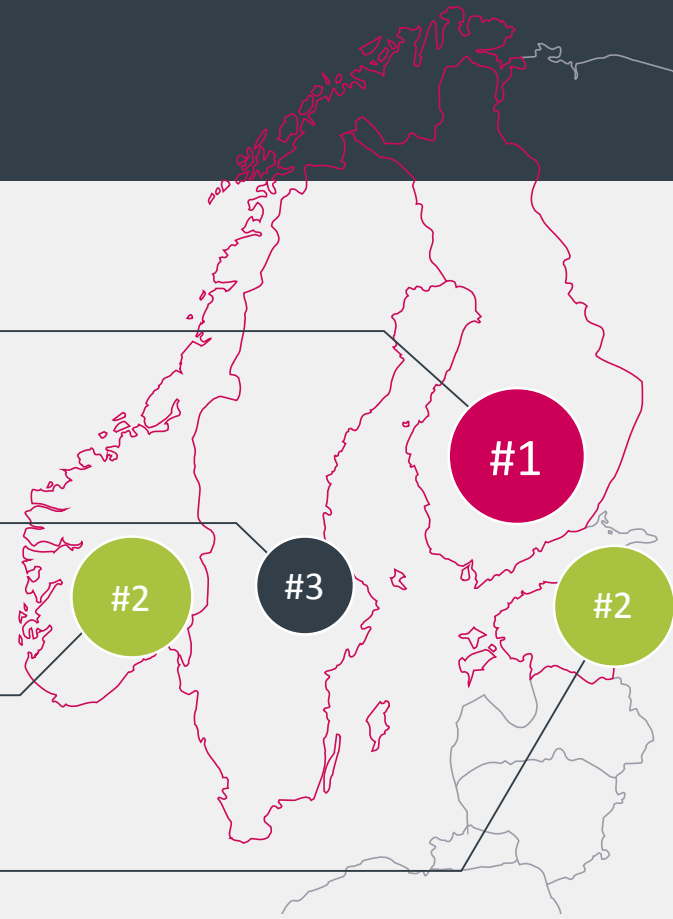
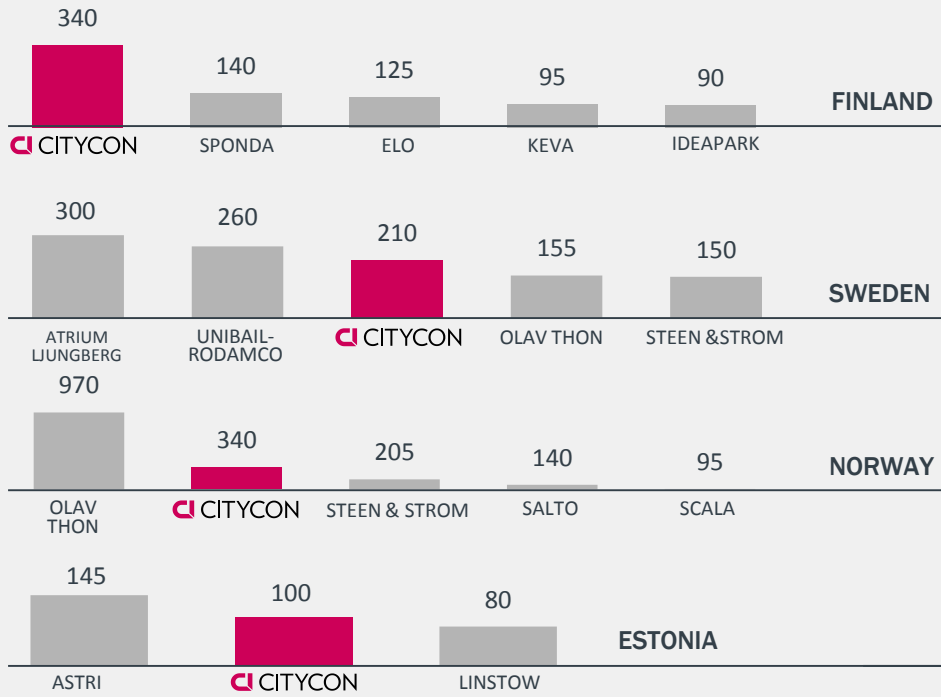
OUR RESOURCES

RETAIL EXPERTS

Creating attractive retail locations that serve as enjoyable parts of people's everyday lives



TRUE PAN-NORDIC LEADER



4 Retail GLA (thousand sq.m.)

Source: Company reports, Pangea Property Partners analysis, as per April 2017 and Finnish Shopping Centres 2017. Includes only majority-owned shopping centres. Includes some assumptions on retail proportion out of total GLA, where retail data not available.

URBAN CROSSPOINTS DRIVEN BY STRONG DEMOGRAPHICS

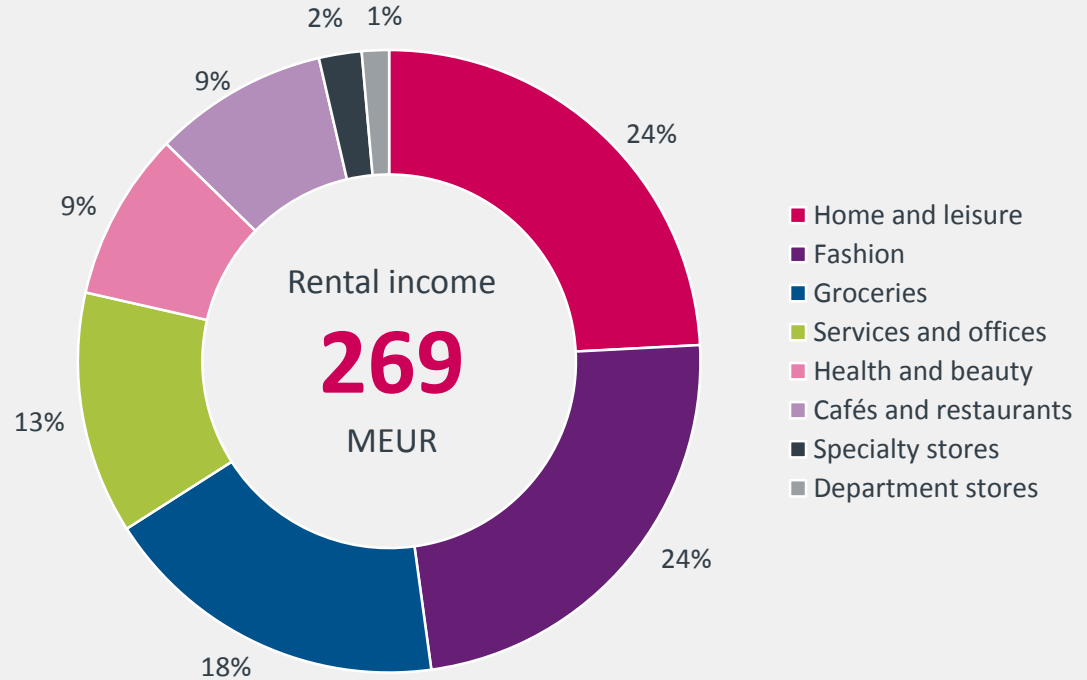


CORE ASSETS:

- Urban environments, located where people live and work
- Strong population growth and natural footfall
- Integrated with public transportation
- Shared access to education, health care, culture, municipal services



STRONG GROCERY-ANCHORING – OVER 100 GROCERY STORES ¹⁾



As per 31 December 2016

¹⁾ Including Kista Galleria (50%)

90% OF CITYCON'S SHOPPING CENTRES ARE LOCATED IN CAPITAL OR MAIN CITIES



**ISO OMENA,
HELSINKI AREA ¹⁾**



**KISTA GALLERIA,
STOCKHOLM ²⁾**



**LILJEHOLMSTORGET
GALLERIA, STOCKHOLM**



**KOSKIKESKUS,
TAMPERE**



**HERKULES,
SKIEN**

GLA, sq.m.	101,000	92,500	40,500	33,100	49,300
Visitors, million	9	19	10	6	3
Sales, MEUR	195	204	158	111	121

Note: Figures are for 2016

¹⁾ GLA updated as per April 2017

²⁾ Kista Galleria (100%)



SUSTAINABLE SHOPPING CENTRE MANAGEMENT

Acting as a sustainable business partner



People

An excellent place to work and to be proud of



Environment

Energy-efficient and environmentally sound shopping centres

OUR APPROACH



Community & Companionship

Urban multifunctional shopping centres with strong ties to the community

Offering sustainable customer flows to tenants

SOLID
ECONOMY

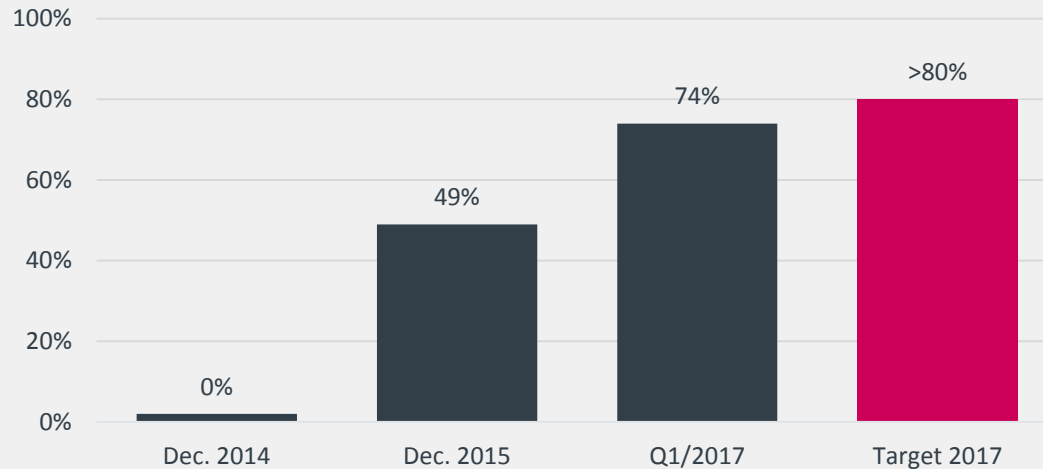
Economy

Creating long-term shareholder value



FORERUNNER IN SUSTAINABILITY

Largest shopping centre portfolio with BREEAM In-Use certification in the Nordic countries



KEY INITIATIVES 2016

- Energy consumption, kWh/sq.m.

-6%
since 2014
(target -10% by 2020)

- Within **top 5%** of globally reviewed companies



- Citycon's Buskerud unique in using **CO2 instead of freon** as a refrigerant, cooling the entire shopping centre
- Finland's first pop-up shopping centre, Pikkulaiva, will be built from **recyclable modules**
- Iso Omena to have the **largest solar power plant** realised in a Finnish retail property
- Jakobsbergs Centrum shifted to **geothermal heating & cooling** reducing the overall energy consumption by up to 65%

H1/2017: GOOD PERFORMANCE DRIVEN BY STRONG SWEDEN AND NORWAY





HIGHLIGHTS H1/2017

6.1% INCREASE IN EPRA EPS TO EUR 0.089

- Overall net rental income growth and lower administrative expenses
- Completed (re)development projects support earnings growth (e.g. Iso Omena and Myyrmanni)

POSITIVE LIKE-FOR-LIKE NET RENTAL INCOME

- LFL NRI +1.6% including Kista Galleria (50%)
- Strong performance in Sweden and Norway compensates for weaker Finland

FURTHER PORTFOLIO QUALITY UPGRADE

- Divestment of six properties including building rights for MEUR 118 slightly above IFRS fair value

SUCCESSFUL SECOND PHASE OPENING IN ISO OMENA

- Footfall +28% and turnover +24%

MORE POSITIVE OUTLOOK, GUIDANCE SPECIFIED

- EPRA EPS EUR 0.165-0.175 (prev. 0.155-0.175)

FINLAND BACK ON THE RADAR SCREEN

- Blackstone transaction triggers unlocked shareholder value
- Finnish economy shows strong recovery (GDP forecast 2017: 2.5-3%)
- Citycon's balanced Nordic portfolio well positioned for bridging the NAV gap





FINANCIAL HIGHLIGHTS

MEUR	H1/2017	% ¹⁾
Net rental income	116.0	3.3
Direct operating profit	103.0	4.7
EPRA Earnings	79.2	6.1
EPRA EPS (basic)	0.089	6.1
EPRA NAV per share	2.78	-0.6
Fair value change	-8.4	-
Loan to Value (LTV), %	47.3	4.1

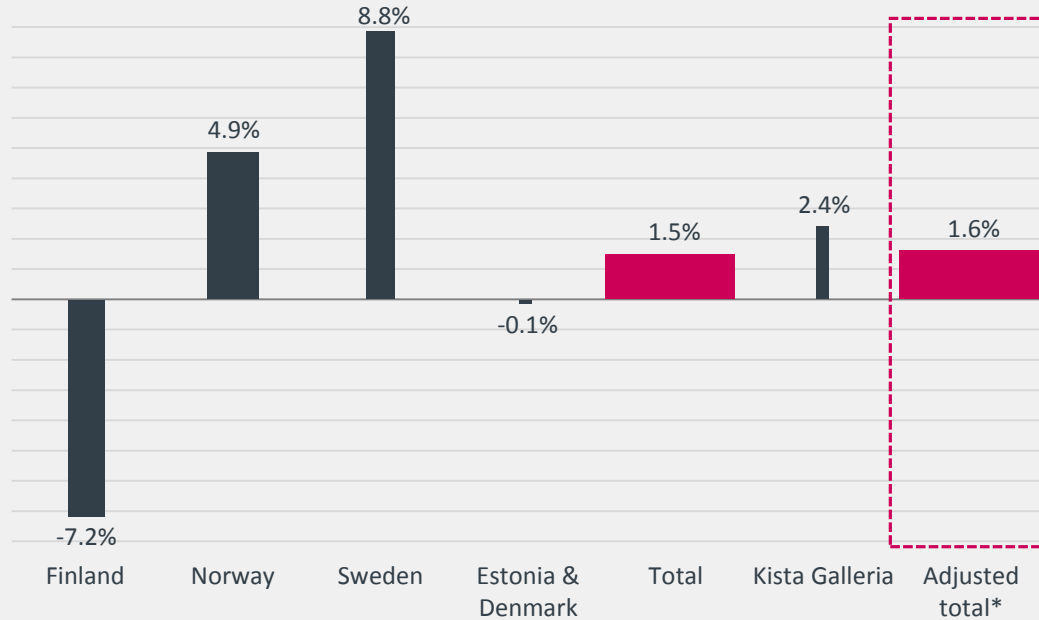
¹⁾ Change from previous year (H1/2016)

STRONG LIKE-FOR-LIKE NRI GROWTH IN SWEDEN AND NORWAY COMPENSATES FOR WEAKER FINLAND



OVERALL LIKE-FOR-LIKE NRI GROWTH 1.6%

LIKE-FOR-LIKE NET RENTAL INCOME GROWTH ¹⁾



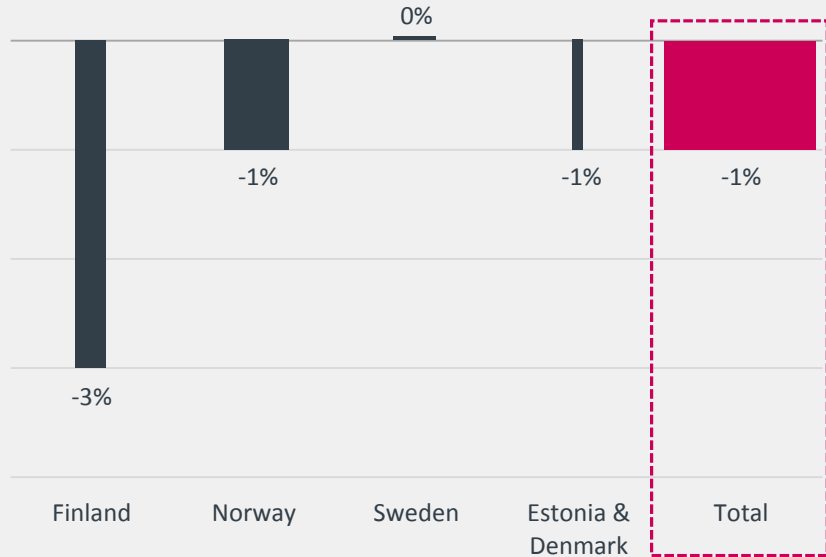
- Strong shopping centres in the Helsinki area (Iso Omena, Myyrmanni, Lippulaiva) all out of the like-for-like portfolio due to (re)development projects
- Like-for-like portfolio in Finland represents 37% of the total value of the Finnish portfolio

OVERALL SALES +2%, FOOTFALL FLAT

LFL SALES AND FOOTFALL SLIGHTLY DOWN

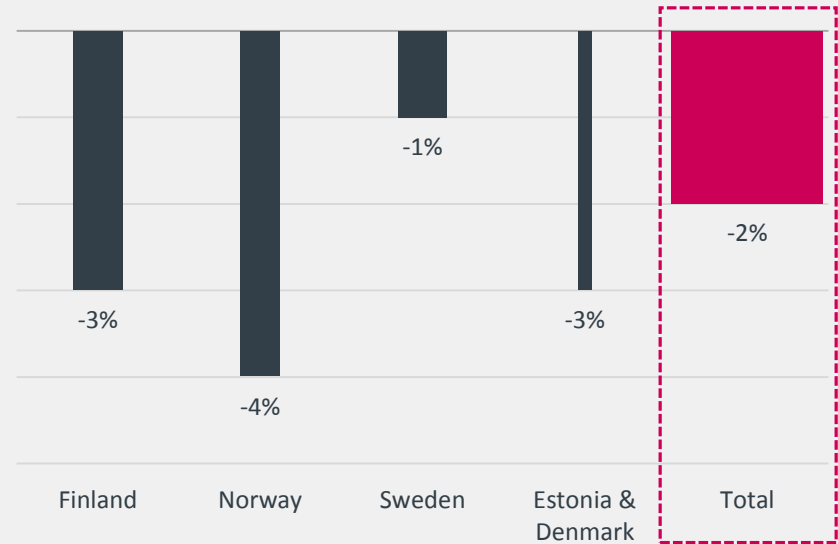
LIKE-FOR-LIKE SALES

Q1-Q2/2017 vs. Q1-Q2/2016, % ¹⁾



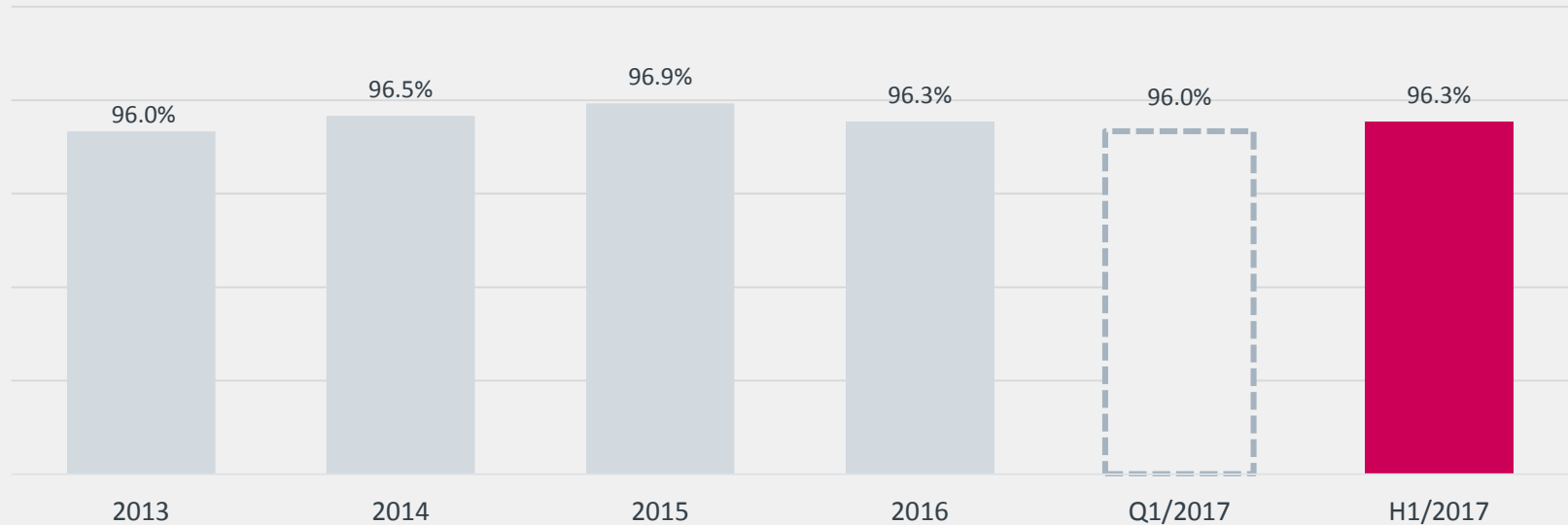
LIKE-FOR-LIKE FOOTFALL

Q1-Q2/2017 vs. Q1-Q2/2016, % ¹⁾



OCCUPANCY INCREASED DRIVEN BY GOOD LEASING ACTIVITY IN FINLAND AND NON-CORE DISPOSALS

OCCUPANCY RATE ¹⁾



DEVELOPMENT PORTFOLIO



URBAN DEVELOPMENTS PROGRESSING – SECOND PHASE OF ISO OMENA SUCCESSFULLY OPENED

ONGOING/COMPLETED PROJECTS

	City	Area before/ after, sq.m.	Expected investment, MEUR	Cumulative investment, MEUR	Yield on cost ¹⁾ , %	Pre-leasing, %	Completion target
1 Mölndal Galleria	Gothenburg	- /24,000	60.0 (120.0)	34.9	~6.5-7.0	70	Q3/2018
2 Lippulaiva	Helsinki area	19,200/44,100	215.0	36.5	~6.5	55	2021
3 Iso Omena	Helsinki area	63,300/101,000	270.0	269.5	~6.0	Total SC: 98	Completed: Q2/2017

¹⁾ Expected stabilised yield (3rd year after completion). Calculated on total development costs, also including financing and Citycon internal costs.



ISO OMENA HAS BECOME THE LEADING SHOPPING AND LEISURE DESTINATION IN THE HELSINKI AREA

- Successful second phase opening 20 April 2017
- Strong and international tenant mix, 98% leased
- Great operational performance since opening:
 - Footfall +28%
 - Customers by car +51%
 - Total turnover +24%
 - Turnover of existing tenants +10%
- Metro opening expected in Q3/2017
- 4,500 sq.m. Dudesons Activity Park to open in October 2017



DEVELOPMENT PIPELINE



DEVELOPMENT PIPELINE – URBAN LOCATIONS IN CAPITAL CITIES

	City	Area before/ after, sq.m.	Expected investment, MEUR	Target initiation/ completion
COMMITTED				
Down Town	Porsgrunn	38,000/46,000	75	2017/2020
PLANNED (UNCOMMITTED)				
Tumba Centrum	Stockholm	23,400/32,000	50	2018/2020
Kista Galleria	Stockholm	92,500/111,000	80 ¹⁾	2019/2021
Oasen	Bergen	31,300/43,300	80	2019/2021
Liljeholmstorget Galleria	Stockholm	40,500/63,000	120	2020/2022
Trekanten	Oslo	23,900/45,000	110	2020/2022

– Development investments of MEUR 150-200 p.a. sourced through capital recycling

¹⁾ Citycon's share MEUR 40 (50%)





KEY TARGET AREAS 2017 AND ONWARDS

FURTHER CAPITAL RECYCLING

- Divestments of MEUR 400-500 within the coming three years, of which half within the coming 1.5 years. Mainly smaller, non-urban shopping centres in Finland and Norway.
 - MEUR 150-200 p.a. developments within the existing portfolio with an average YoC of 150 bps over yield requirement
 - Selective acquisitions
-

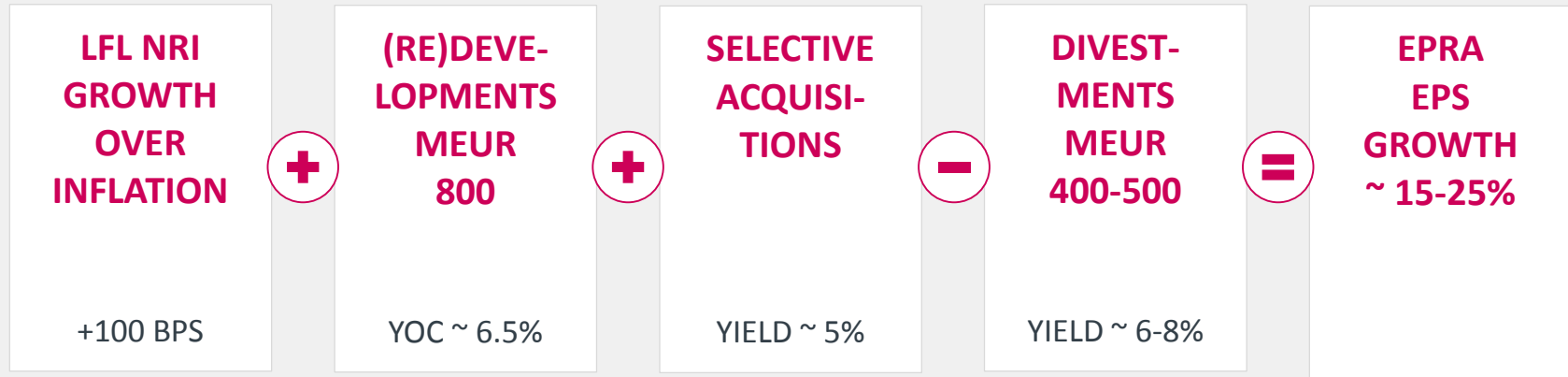
LONG-TERM LFL NRI GROWTH OF 100 BPS ABOVE INFLATION

- Following completion of divestment plan
-

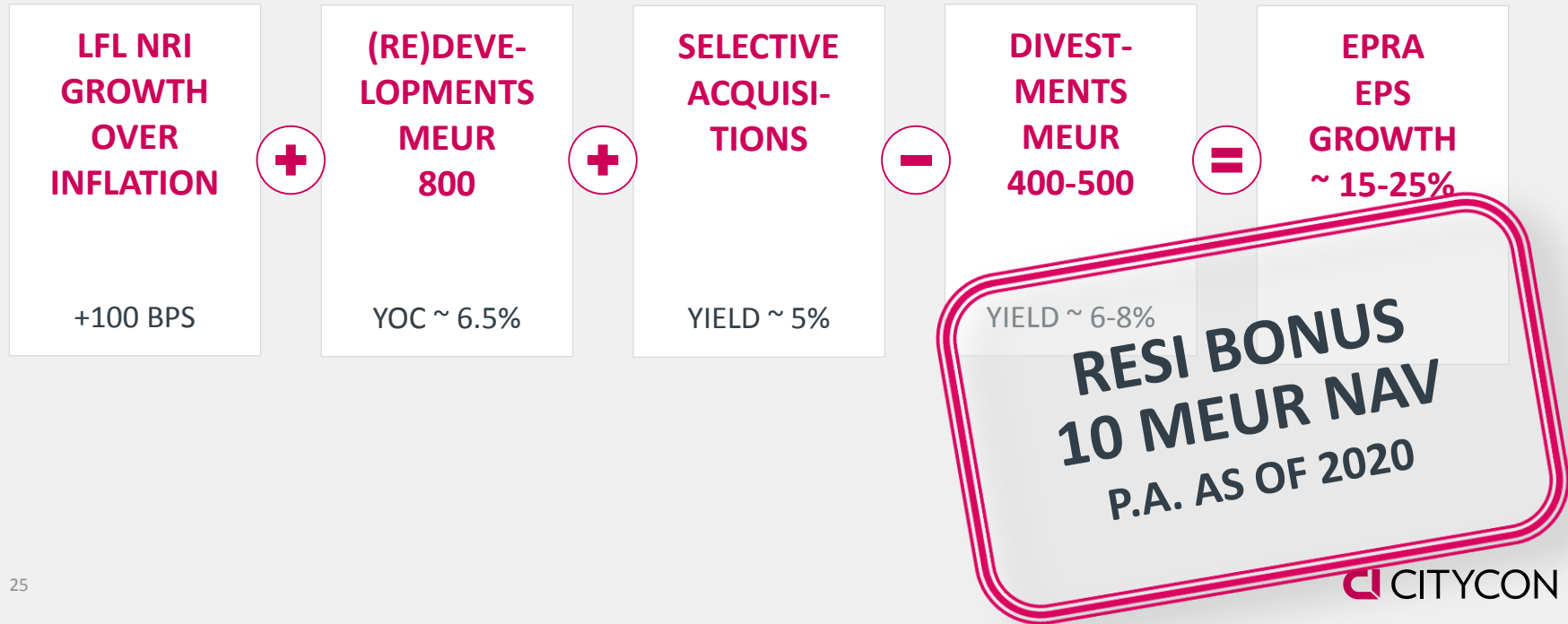
LOAN TO VALUE TARGET 40-45%

- Recycling of capital
 - Selective joint venture opportunities
-

FINANCIAL TARGET 2022



FINANCIAL TARGET 2022



FINANCIAL OVERVIEW



FINANCIAL RESULTS

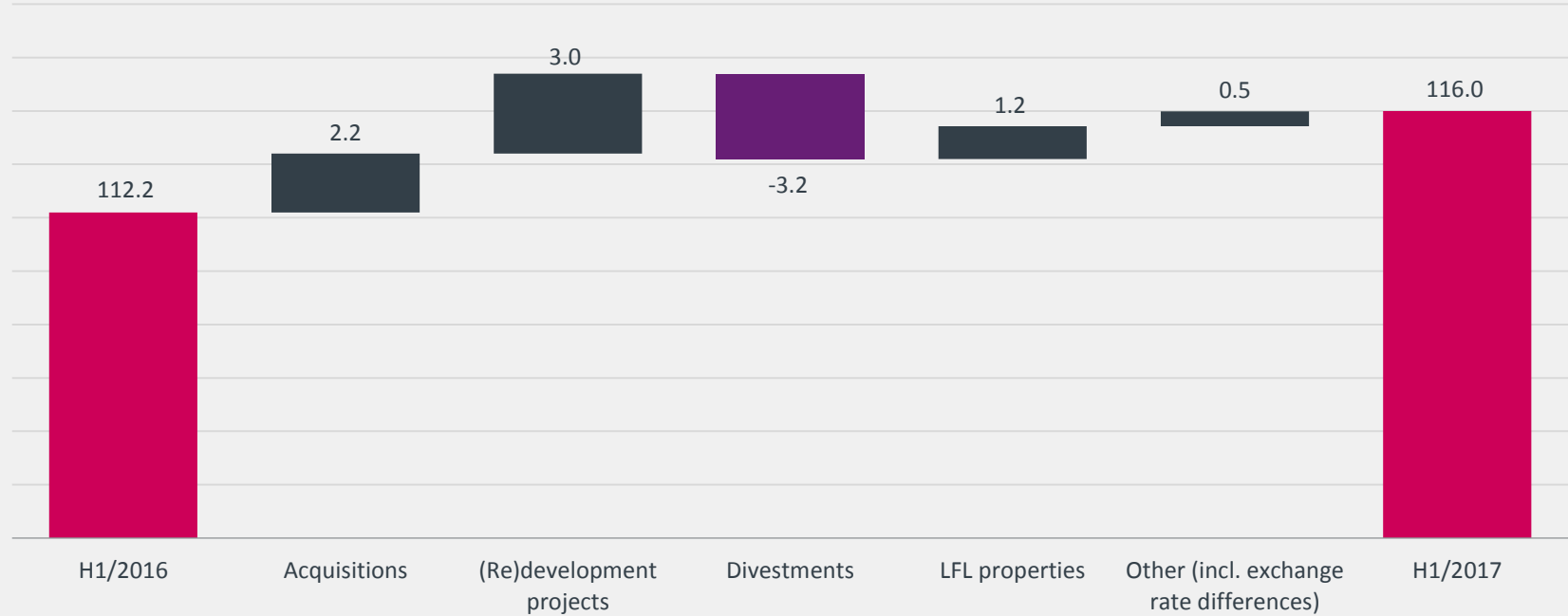
MEUR	H1/2017	H1/2016	%	H1/2017 INCL. KISTA 50%
Gross rental income	131.5	125.4	4.8	140.0
Net rental income	116.0	112.2	3.3	123.6
Direct operating profit	103.0	98.4	4.7	110.4
EPRA Earnings	79.2	74.6	6.1	n.a.
EPRA EPS (basic)	0.089	0.084	6.1	n.a.
EPRA NAV per share	2.78	2.80	-0.6	n.a.

- EPRA EPS increase fuelled by increased net rental income and lower direct administrative expenses
- Kista Galleria contributed to the IFRS-based profit for the period by approx. MEUR 3.1 in H1/2017

(RE)DEVELOPMENT PROJECTS COMING ONLINE SUPPORTED NET RENTAL INCOME GROWTH

NRI DEVELOPMENT

MEUR





INCREASED AVERAGE RENT, OCCUPANCY AT A GOOD LEVEL

		H1/2017	H1/2016
Occupancy rate (economic)	%	96.3	96.6
Average rent	EUR/sq.m.	23.5	22.9
Average remaining length of lease portfolio	years	3.4	3.2
		H1/2017	H1/2016
Average rent of leases started	EUR/sq.m.	22.9	21.1
Average rent of leases ended	EUR/sq.m.	21.7	21.0
Leasing spread of renewals and re-lettings	%	-6.2	-8.1

- H1/2017 leasing spread negative mainly due to challenging retail environment in Finland and increased competition in Estonia

All figures including Kista Galleria 50%



FIRST FULL VALUATION BY NEW APPRAISER CBRE

FAIR VALUE CHANGES, MEUR	Q2/2017	Q2/2016	H1/2017	H1/2016
Finland	-5.5	-6.9	-15.1	-15.2
Norway	-13.7	0.2	0.7	24.3
Sweden	4.7	12.9	8.2	21.8
Estonia & Denmark	-1.2	-1.6	-2.2	0.2
Investment properties, total	-15.7	4.7	-8.4	31.0
Kista Galleria (50%)	0.6	0.8	0.5	2.0
Investment properties and Kista Galleria (50%), total	-15.1	5.5	-7.8	33.0
WEIGHTED AVERAGE YIELD REQUIREMENT, %	30 JUNE 2017	30 JUNE 2016	31 DEC 2016	
Investment properties and Kista Galleria (50%), average	5.4	5.5	5.4	

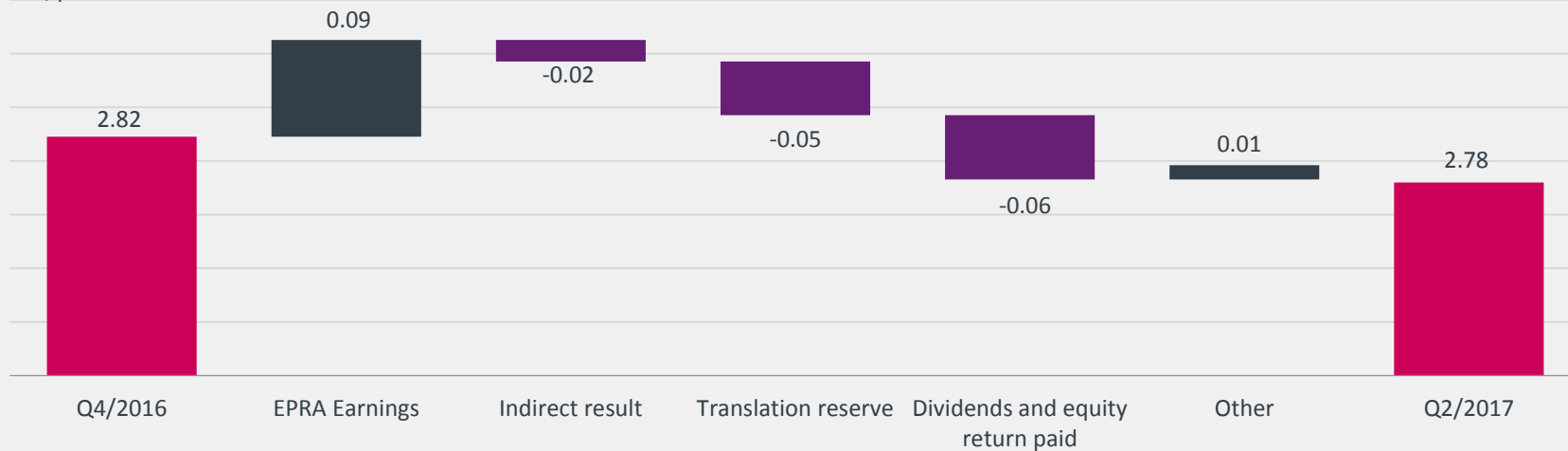
INCOME STATEMENT

MEUR	Q2/2017	Q2/2016	%	H1/2017	H1/2016
Gross rental income	65.4	62.2	5.2	131.5	125.4
Service charge income	19.4	20.2	-3.6	39.9	40.2
Property operating expenses	-24.9	-25.1	-1.0	-54.5	-52.9
Other expenses from leasing operations	-0.6	-0.2	189.8	-0.9	-0.6
Net rental income	59.4	57.0	4.1	116.0	112.2
Administrative expenses	-6.9	-7.3	-5.2	-13.7	-14.8
Other operating income and expenses	0.2	0.8	-67.4	-2.0	1.0
Net fair value gains/losses on investment property	-15.7	4.7	-	-8.4	31.0
Net gains on sale of investment property	7.4	3.5	115.1	9.4	3.5
Operating profit	44.4	58.6	-24.2	101.2	132.9
Net financial income and expenses	-14.1	-13.0	8.5	-29.6	-26.5
Share of profit/loss of joint ventures	-1.6	-0.2	-	-1.4	3.8
Profit/loss before taxes	28.7	45.4	-36.7	70.2	110.2
Profit/loss for the period	30.2	37.5	-19.3	59.2	95.3

STABLE EPRA NAV

CHANGE OF NET ASSET VALUE (EPRA NAV)

EUR, per share



	31 JUN 2017	31 JUN 2016	31 DEC 2016
EPRA NAV per share, EUR	2.78	2.80	2.82
EPRA NNNNAV per share, EUR	2.43	2.42	2.47

BALANCE SHEET

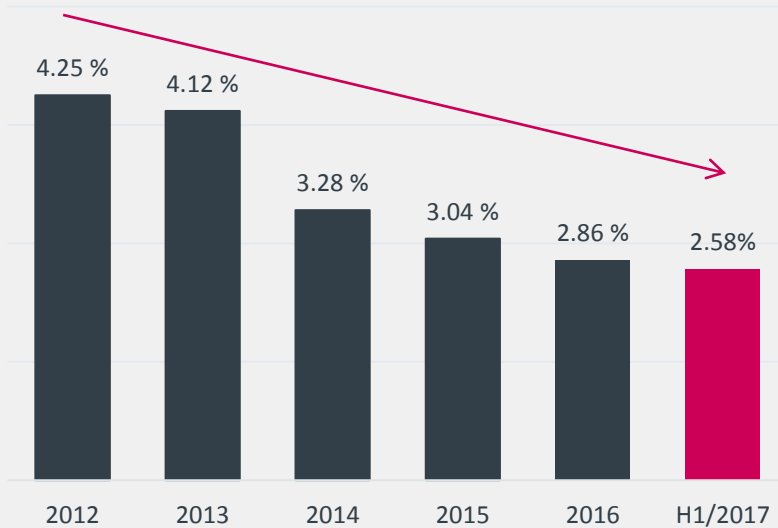
MEUR	31 JUN 2017	30 JUN 2016	31 DEC 2016
Investment properties	4,156.1	4,110.0	4,337.6
Total non-current assets	4,578.3	4,590.8	4,762.8
Investment properties held for sale	215.1	21.3	81.9
Total current assets	58.2	116.3	56.2
Total assets	4,851.6	4,728.4	4,900.9
Total shareholders' equity	2,265.0	2,290.0	2,312.3
Total liabilities	2,586.6	2,438.4	2,588.7
Total liabilities and shareholders' equity	4,851.6	4,728.4	4,900.9

FINANCING OVERVIEW

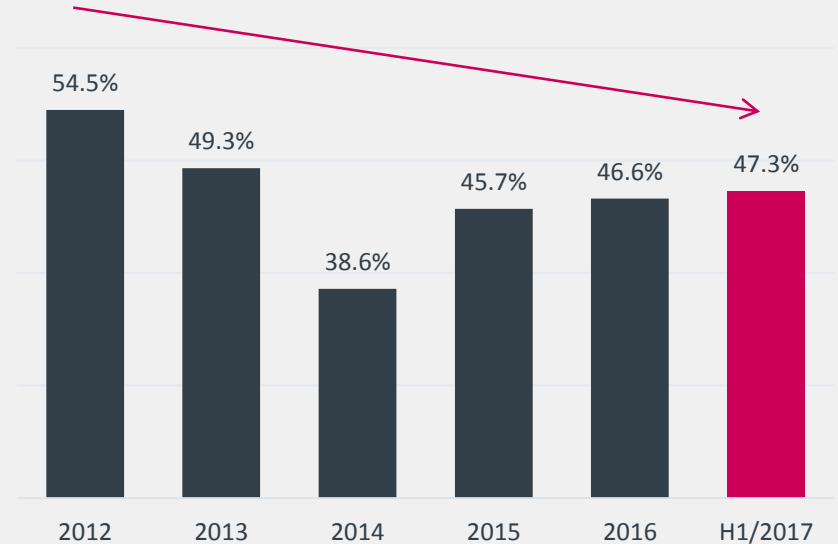


CONTINUED DECREASED AVERAGE INTEREST RATE

WEIGHTED AVERAGE INTEREST RATE



LOAN TO VALUE (LTV)



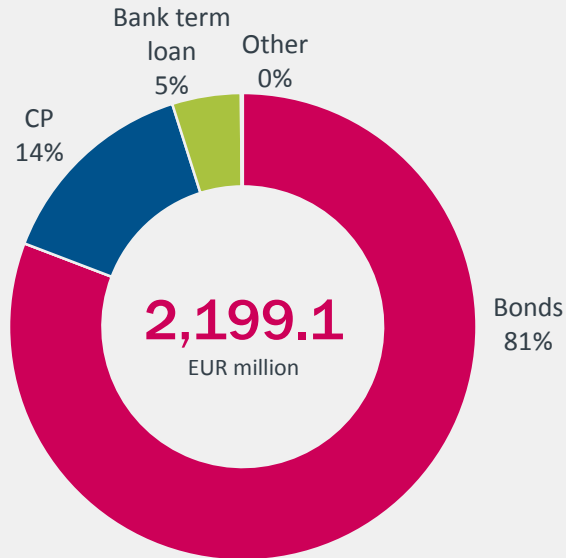
FINANCING KEY FIGURES

		30 JUN 2017	30 JUN 2016	31 DEC 2016
Interest bearing debt, fair value	MEUR	2,199.1	2,055.5	2,191.5
Available liquidity	MEUR	564.8	384.6	560.4
Average loan maturity	years	5.0	5.0	5.6
Interest rate hedging ratio	%	85.6	84.6	93.1
Weighted average interest rate ¹⁾	%	2.58	3.02	2.86
Loan to Value (LTV)	%	47.3	45.4	46.6
Financial covenant: Equity ratio (> 32.5%)	%	46.8	48.5	47.3
Financial covenant: Interest cover ratio (> 1.8)	%	3.8	3.6	3.8

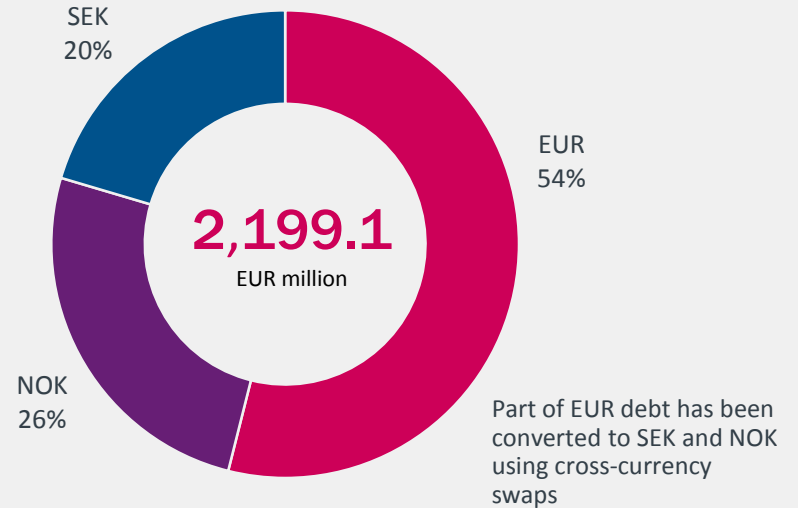
36 ¹⁾ Including cross-currency swaps and interest rate swaps

86% OF DEBT FIXED RATE, VAST MAJORITY BONDS

DEBT BREAKDOWN BY TYPE



DEBT BREAKDOWN BY CURRENCY



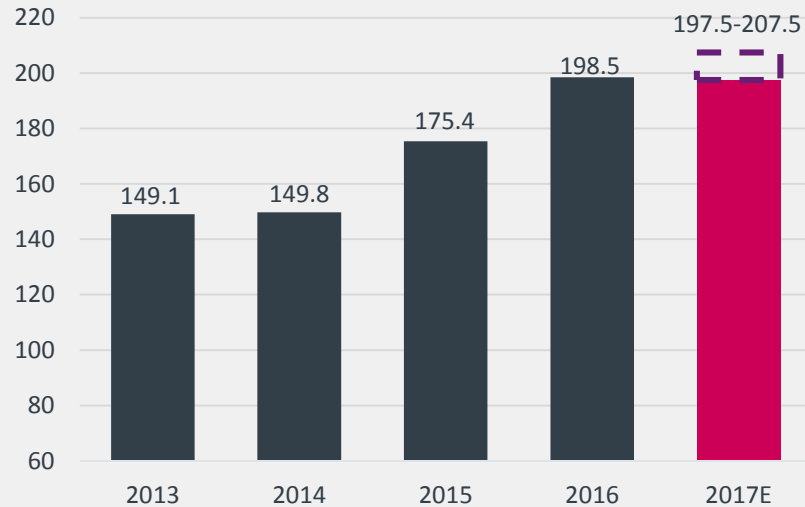
BALANCED MATURITY PROFILE WITH LONG AVERAGE LOAN MATURITY

DEBT MATURITIES

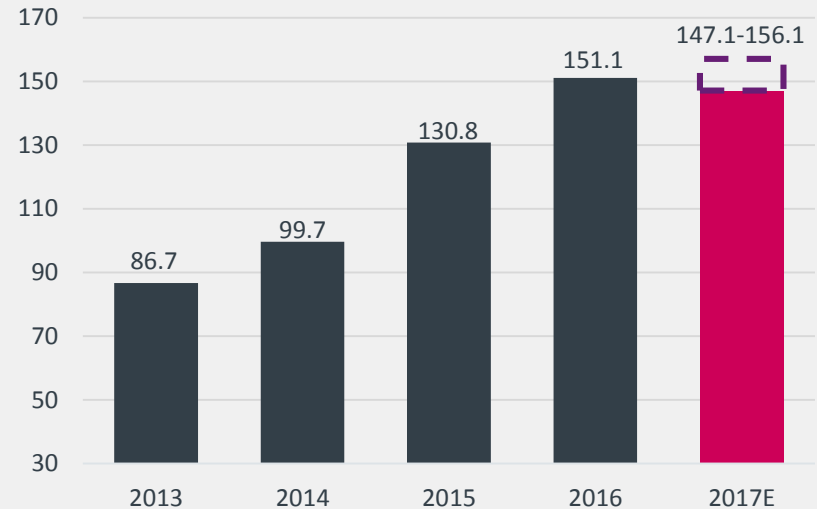


OUTLOOK 2017 SPECIFIED

DIRECT OPERATING PROFIT



EPRA EARNINGS



- Direct operating profit MEUR -1 to 9 (-7-12)
- EPRA Earnings MEUR -4 to 5 (-13-5)
- EPRA EPS (basic) EUR 0.165-0.175 (0.155-0.175)

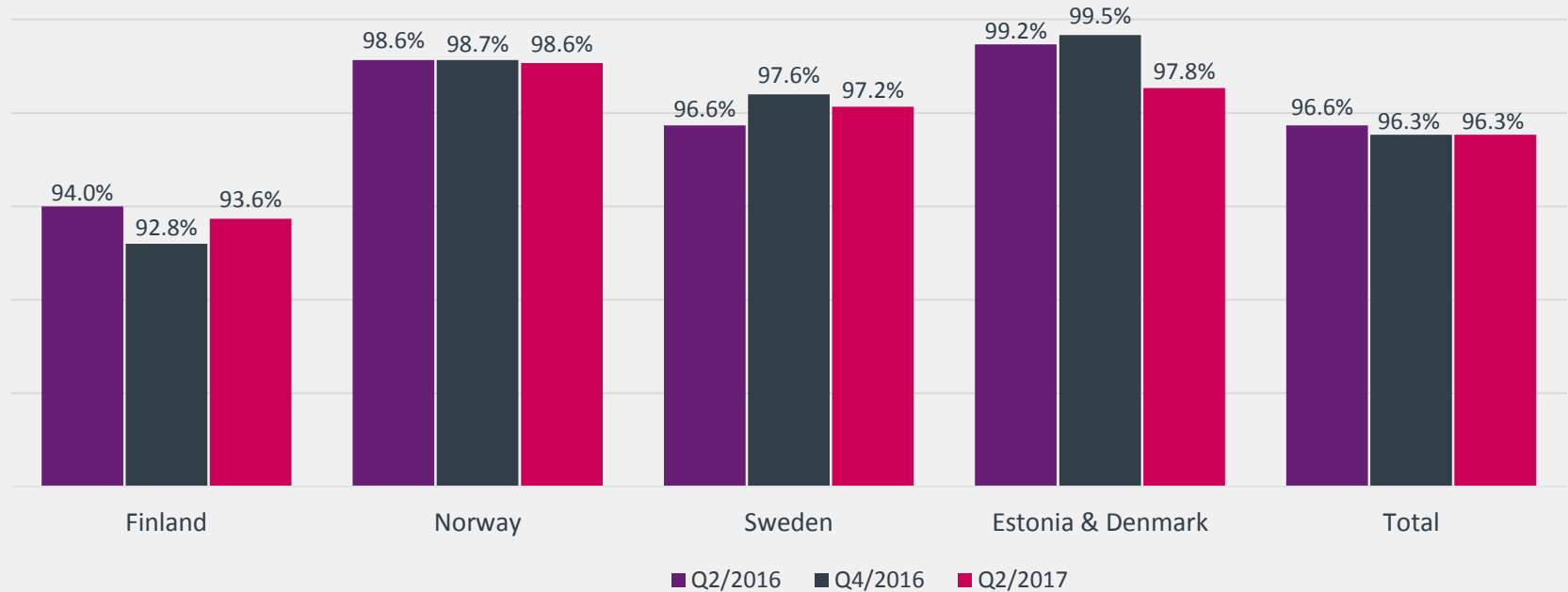
PROPERTY PORTFOLIO



 CITYCON

OCCUPANCY BY COUNTRY

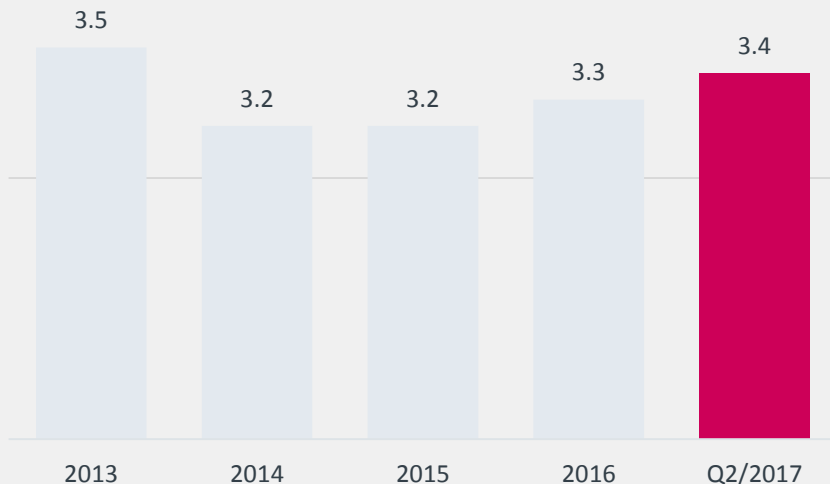
OCCUPANCY RATE BY COUNTRY¹⁾



LEASE PORTFOLIO

AVERAGE LEASE MATURITY ¹⁾

Years



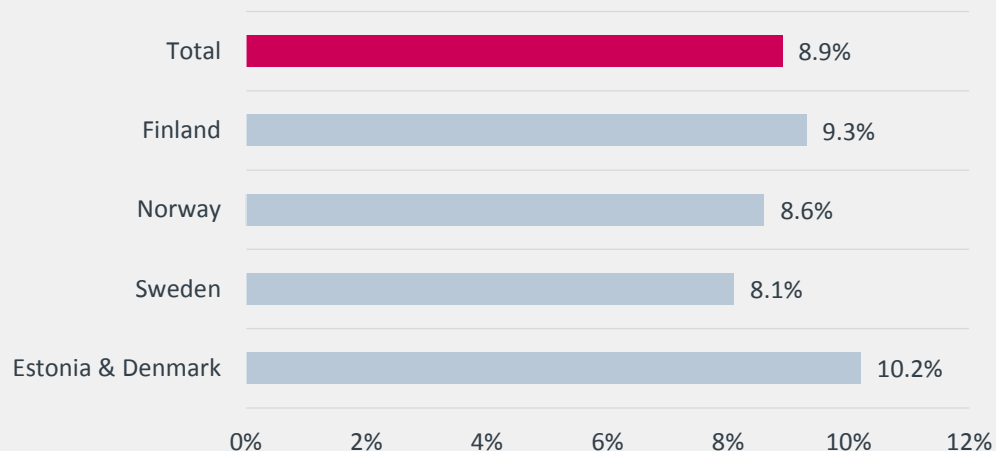
- 4,862 lease agreements with an average length of 3.4 years
- Total GLA 1,263,440 sq.m.
- Rents linked to CPI (nearly all agreements)
- Annualised potential rental value for the portfolio is EUR 358.2 million ¹⁾
- Actual rental contract level vs. valuation market rents is 0.3%¹⁾
 - Indicates how much higher/lower Citycon's actual rental level is compared to the market rents applied in the external valuations

PROPERTY PORTFOLIO

TOP 5 TENANTS

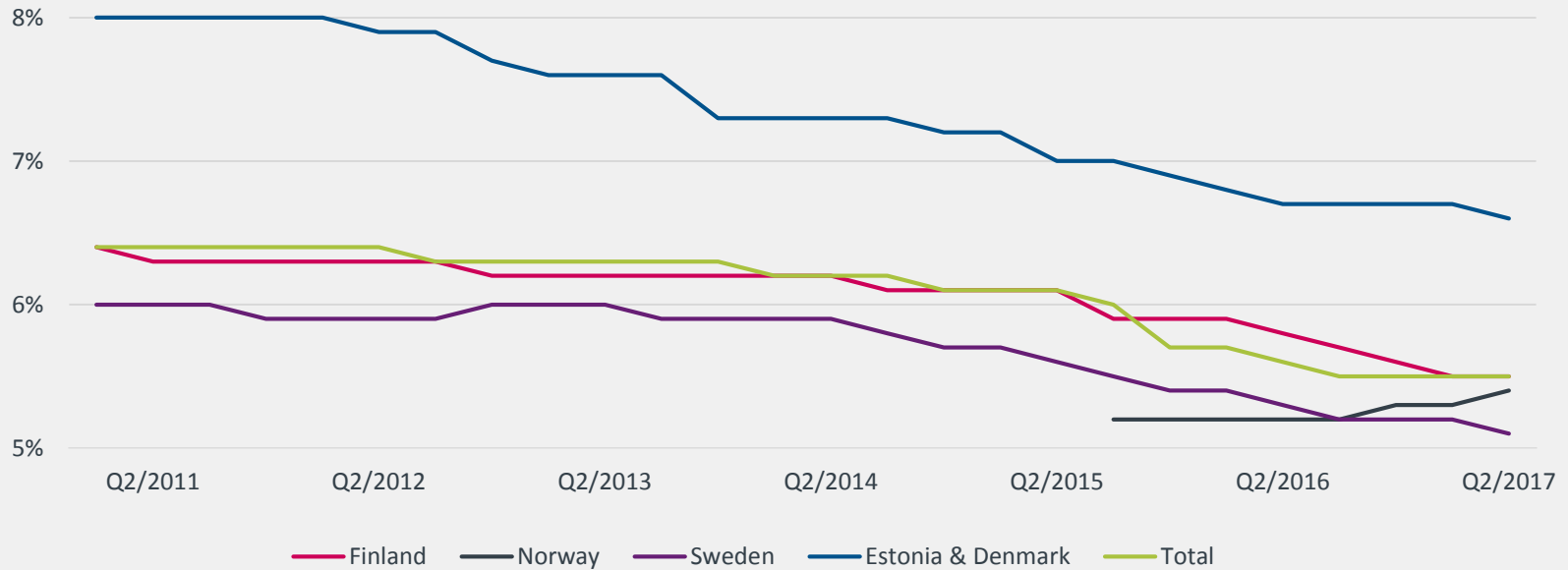
2016	PROPORTION OF RENTAL INCOME, %
Kesko	6.6
S Group	4.5
Varner-Group	4.4
NorgesGruppen Group	2.2
Stockmann Group	2.0
Top 5, total	19.7

OCCUPANCY COST RATIO ¹⁾ SHOPPING CENTRES, ROLLING 12 MONTHS



VALUATION YIELD DEVELOPMENT

VALUATION YIELD DEVELOPMENT ¹⁾



BACK-UP INFORMATION

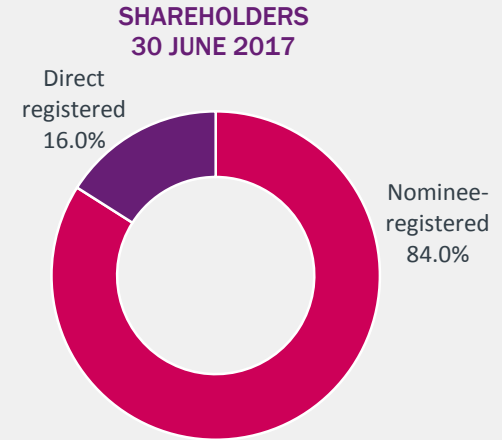


 CITYCON



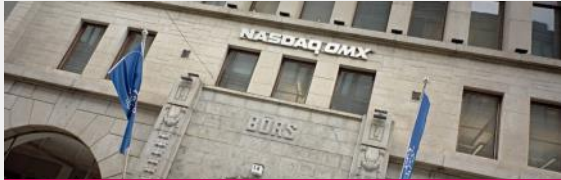
OWNERSHIP, 30 JUNE 2017

- Established and listed on Nasdaq Helsinki in 1988
- Market cap EUR 2,045 million
- Total registered shareholders 13,559
- Largest shareholders:
 - Gazit-Globe 44%
 - CPPIB 15%
 - Ilmarinen 7%
- Included in e.g. FTSE EPRA/NAREIT Global Real Estate Index, Global Real Estate Sustainability Benchmark Survey Index, iBoxx BBB Financial Index (EUR 500 million bond)



HISTORY OF CITYCON

+25 YEARS OF RETAIL EXPERIENCE AND NORDIC EXPANSION



From Finnish office assets

1988

- Founded by Sampo Pension Ltd, Imatran Voima Oy, Rakennustoimisto A. Puolimatka Oy and Postipankki
- Listed on Helsinki Stock Exchange
- Office assets

1998

- Focus shifted to retail properties

1999

- Finland's leading listed property investment company specialising in retail premises



To international retail premises

2003

- Strategy to include also (re)development of assets
- Ownership base internationalised

2005

- International expansion starts: first acquisitions in Sweden and Estonia

2007

- Acquisition of Iso Omena in Helsinki area



To a true Pan-Nordic leader

2011

- New management and redefined strategy

2013

- Acquisition of Kista Galleria in Stockholm in JV with CPPIB
- Investment-grade credit ratings by S&P and Moody's

2014

- CPPIB becomes strategic shareholder, 15% ownership

2015

- Acquisition of Norwegian Sektor Gruppen for EUR 1.5 billion

ATTRACTIVE TENANT MIX OF NORDIC AND INTERNATIONAL BRANDS

GROCERIES & DAILY NEEDS

KESKO

S GROUP

ICA
GRUPPEN

NorgesGruppen

LIDL

coop

FASHION

H&M

VARNER

LINDEX

ZARA

KappAhl

ginatricot

CAFÉS & RESTAURANTS



Olearys

SUBWAY

DUNKIN' DONUTS



LEISURE & SPORT



FINNKINO

FILMSTADEN

GRESVIG

INTERSPORT

stadium

Foot Locker

HOME & DESIGN

clas ohlson

Villeroy & Boch
1748

Iittala

marimekko

HEMTEX

Vi&Penn

HEALTH, BEAUTY & SERVICES

RITUALS...



KICKS

Nordea

SATS

SYNSAM

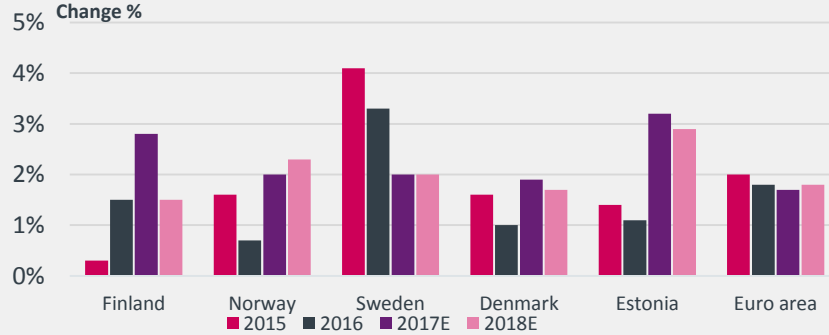
DEMONSTRATED ACCESS TO BOND MARKETS

OUTSTANDING BONDS

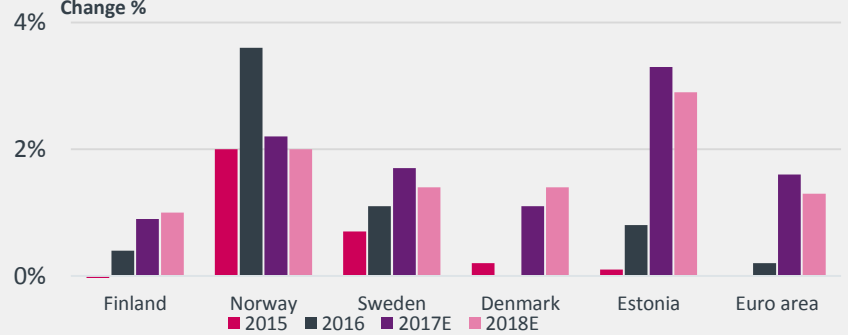
Bond	Issued amount, million	Interest, p.a.	Maturity, years	Issue date	Maturity
Eurobond	EUR 350	1.25%	10	9/2016	9/2026
Eurobond	EUR 300	2.375%	7	19/2015	9/2022
NOK bond	NOK 1,400	3.9%	10	9/2015	9/2025
NOK bond	NOK 1,250	3-mth Nibor + 155 bps	5.5	9/2015	3/2021
Eurobond	EUR 350	2.50%	10	10/2014	10/2024
Eurobond	EUR 500	3.75%	7	6/2013	6/2020

ECONOMIC OUTLOOK

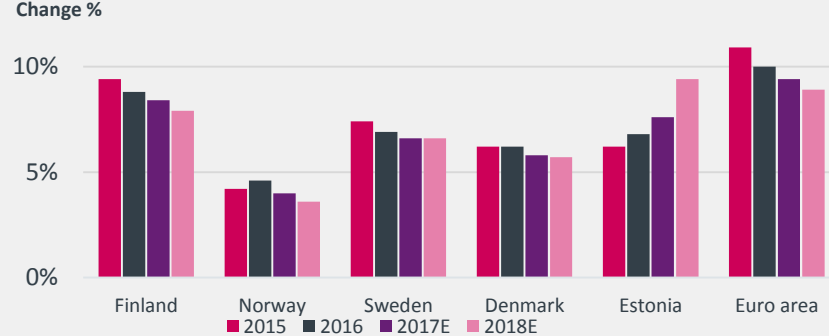
GDP GROWTH



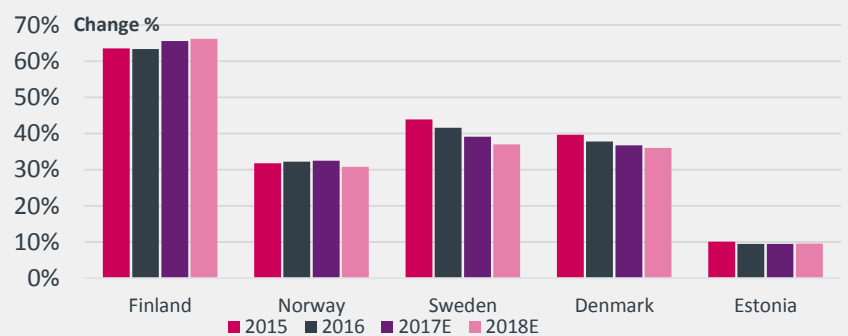
INFLATION



UNEMPLOYMENT



PUBLIC SECTOR DEBT AS % OF GDP



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